

I am Stew Hansen. I own Stew Hansen's Dodge City near Highway 35 south and Hickman. I have been a member of the Metro Auto Dealers Association because of my concern with the law regarding automobile dealers moves.

In 1998, the Iowa Legislature passed a law that says that a manufacturer cannot terminate a dealer's franchise simply because the dealer moved to a new location in the dealer's area of responsibility as long as the new location and facility is as good as the old location and facility. The area of responsibility is the dealers assigned territory in the franchise agreement. It has most recently been described by U.S. Census tracts.

In the past, metro auto dealers territory was comprised of contiguous cities and as they grow out dealers agree to accept the service and sales for these areas. The investments by dealers in buildings, personnel and taxes help build the community.

Under current law, it allows under performing dealers with minimal investments to relocate to outer areas of their franchise and siphon off existing dealers business or it can allow out of state interests with sizable capital to buy off the smaller dealers and relocate their dealership to take away business from the established metropolitan dealers.

We are seeking legislative changes that prevent auto dealers, selling the same make of automobile, from moving their dealerships too close to one another.

## **WHAT IS IN THE BILL**

Our proposed legislation provides generally:

- 1) That a dealer can't move their facility closer than ten miles to a neighboring dealer of the same make, and
- 2) That a dealer can't move their facility more than ten miles.

The Department of Transportation (DOT) would be required to issue a new license if dealers meet these two requirements. There are some exceptions to these rules.

## **WHAT ISN'T IN THE BILL**

This bill isn't about protecting large dealers from their smaller competitors. In fact under some scenarios we could become the smaller competitor that could be hurt.

This bill isn't about pitting urban dealers against rural dealers. This bill provides an orderly approach to the highly competitive Iowa automobile marketplace.

We ask you to support the compromise language limiting dealers moves, that was endorsed by the Iowa Auto Dealers Association, to be passed this Session.